



Stakeholder PPTs

- A version of the this PPT was presented at ...
 - The January 9, 2012 Craft Distillery Forum
 - The January 11, 2012 Business Advisory Council
- It includes updates on...
 - Divesting of the business
 - Tax and fee payment matrix
 - Licensing and regulation



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Divesting of the Business

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DIRECTOR OF BUSINESS ENTERPRISE



Key I-1183 Requirements Affecting Existing LCB Operations

- By June 1, 2012
 - Orderly closure of stores
 - Refrain from the purchase, distribution or sale, of liquor
 - Deplete all inventory of liquor
- By June 1, 2013
 - Obtain maximum reasonable value for remaining assets through public auction (including State stores).
- Just & reasonable measures to avert harm to contract liquor stores, tribal, and military.



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Project Management Update

Audit Team

Legal & Policy
Team

Product Supply
Team

Employee
Transition Team

Communication
Team

State Liquor
Store Team

Contract Liquor
Store Team

Asset Disposal
Team

Reverse
Logistics Team

DC Hibernation
Team

State Store
Auction Team

DC Sale Team



Buy Back Agreement

- Suppliers must include all product SKU's.
- Title of all unsold product will transfer to supplier at end of day on May 31, 2012.
- LCB will transfer all product from stores to the DC and consolidate it for pick up by the supplier.
- Supplier will buy back inventory at the January 1, 2012 price plus shipping and handling charges.



Buy Back Agreement

- 124 suppliers established agreements.
- 3 listed spirit suppliers (8 products) opted out.
- Only 96 of 424 (22%) listed beer, wine & mixer products will be covered by an agreement.
- 2,225 of 2,850 (78%) special order spirits will be covered by an agreement.



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Consequences of Not Signing a Supplier Inventory Buy Back Agreement

- The Board had delisted these products.
- Bailment inventory must be retrieved from the DC.
- Suppliers will not receive any additional orders.
- Additional actions will be taken to reduce the remaining inventory in stores, including the discounting of retail prices.

Last Chance: Special Order Items Buy Back Agreement no later than January 28, 2012



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Retail Program Changes

- New Listings
 - No new listings or size extensions will be considered.
- Pricing
 - Pricing will be fixed beginning January 1, 2012.

For those suppliers who establish an Inventory Buy Back Agreement can...

- Displays
 - Utilize unique display opportunities through April 2012.
- Special Orders
 - Continue to have products special ordered until April 2012, to be sold by the bottle.
- Sampling
 - Participate in the Spirit Sampling Pilot through April 2012, including special order products.



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When Does What Apply?

Sales Type	Distributor Fee	Retail Fee	Liter Tax	Sales Tax
Distiller to Distributor	N/A	N/A	N/A	N/A
Distiller to On Premise	✓	N/A	✓	✓
Distiller to Off Premise	✓	N/A	N/A	N/A
Distiller to Consumer	N/A	✓	✓	✓
Distributor to On Premise	✓	N/A	✓	✓
Distributor to Off Premise	✓	N/A	N/A	N/A
Distributor to Distributor	1st	N/A	N/A	N/A
Off Premise to Consumer	N/A	✓	✓	✓
Off Premise to On Premise	N/A	N/A	✓	✓



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Q & A

Thank You!



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Licensing and Regulation

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Director, Licensing and Regulation



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Craft Distilleries (RCW 66.24.145)

Unchanged by I-1183

- 1) Contract distill spirits for and sell contract distilled spirits to distillers, manufacturers, growers, or for export.
- 2) Sell spirits of their own production to consumers for off-premise consumption, up to two liters per person per day. Sale must occur on the licensed premise.
- 3) Provide, free of charge, ½ oz. or less, samples (of own production) to persons on the licensed premise. Maximum total sample is 2 oz. per person per day.



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(NEW) Under I-1183

- May maintain a warehouse off the distillery premise for distribution of spirits of own production (register warehouse location with the Board)
- March 1 – May sell spirits of own production to licensed spirit distributors and retailers (on and off-premise)



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New Product Packaging and Labels

State law (RCW 66.08.050) requires the board to determine nature, form and capacity of all packages to be used for containing liquor

- Rules and Systems being developed – Submit copy of TTB certificate of Label Approval (COLA) including size and configuration of packaging to Licensing MIW Unit. A photo or illustration of the package would be helpful
- Questions – call (360) 664-1600, option 1 then option 2



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Thank you!